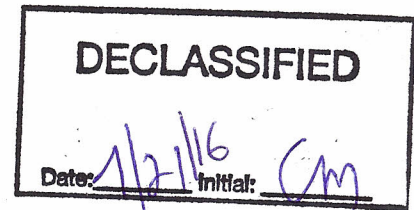




Murdock Goldenberg
Schneider & Groh, LPA

Steve N. Siegel
Attorney at Law
Phone: 513.345.3080
E-Mail: ssiegel@mgs glaw.com



July 28, 2009

**Via Electronic and
FedEx 2-Day Delivery**

Douglas Tomchuk
Remedial Project Manager
United States Environmental Protection Agency
Region 2
290 Broadway, 19th Floor
New York, NY 10007-1866

Re: Berry's Creek Study Area

Dear Mr. Tomchuk:

Murdock Goldenberg Schneider & Groh, LPA, represents Cenveo Corporation and its related entities ("Cenveo") in environmental matters. On or about June 29, 2009, Mr. Robert G. Burton, Cenveo's CEO, received a "Notice of Potential Liability and Request to Perform . . . for the Berry's Creek Study Area, Bergen County, New Jersey" ("Request"). Cenveo's response to EPA's Request was originally due on or before July 27, 2009. However, on July 14, 2009, Clay Monroe granted an extension to respond until Friday, July 31, 2009. Cenveo appreciates the extension Mr. Monroe granted. Please accept this letter in response to the Request.

Shortly after Mr. Burton received the Request, Mr. Monroe and I discussed Cenveo's nexus to Berry's Creek ("Site"). Within a matter of days, Kim Simpkins at LECG provided me with a CD containing the nexus information that Cenveo needed to determine which of its facilities had been involved, and what its involvement had been. After reviewing the nexus information provided by LECG and other information in Cenveo's corporate files, Cenveo cannot agree to perform as requested in the Request.

The nexus information indicates that a facility known as the Berlin & Jones facility at 2 East Union Avenue, East Rutherford, NJ ("Facility") allegedly disposed of waste at nearby landfills that have been associated with the contamination identified in Berry's Creek. In addition, there were allegations in the nexus materials that production waste water may have contaminated Berry's Creek because the local POTW did not properly treat effluent generated at the Facility. There were also allegations that soil and/or groundwater contamination was caused

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Douglas Tomchuk
July 28, 2009
Page Two

by operations at the Facility, and that this contamination could have flowed to Berry's Creek, also.

While Cenveo strives to comply with environmental laws and regulations at each of its facilities, the allegations contained in the nexus information, and the facts giving rise to these allegations, do not apply in this instance to Cenveo. Berlin & Jones Company, Inc. ("Berlin & Jones") had operated at the Facility for many years. After the turn of this century, Berlin & Jones' business deteriorated to the extent that the company was forced to seek protection under the Bankruptcy Code of the United States. During the pendency of this matter in the U.S. Bankruptcy Court for the District of New Jersey, the debtor and debtor-in-possession reached an agreement with Commercial Envelope Manufacturing Co., Inc. ("CEM") whereby CEM was to purchase certain assets from the bankruptcy estate. Please refer to the Order of October 31, 2003 ("Order") attached hereto as Exhibit 1. Pursuant to the terms of Section R on page 9 of the Order, the transfer of Assets to the Buyer (i.e., CEM) would not subject the Buyer to liability for any claims whatsoever, specifically including claims that might arise under any environmental laws, except those liabilities that the Buyer specifically assumed in the Asset Purchase Agreement ("APA"). In addition, the purchaser of the Assets would not be subject to any statutory or common law claim of successor liability.

According to the APA, dated October 31, 2003 between Berlin & Jones and CEM attached hereto as Exhibit 2, in Section 8 at page 6, the Purchaser (i.e., CEM) would assume no liabilities from the Seller, except for executory contracts or unexpired leases, as CEM was allowed to assume under the Order. This section specifically refers to past, present and future liabilities or obligations, including among other things, federal, state or local environmental laws or the liabilities that would typically arise from CERCLA and Superfund. Thus, CEM assumed no environmental liabilities whatsoever.

Please feel free to call me if there are any questions.

Very truly yours,

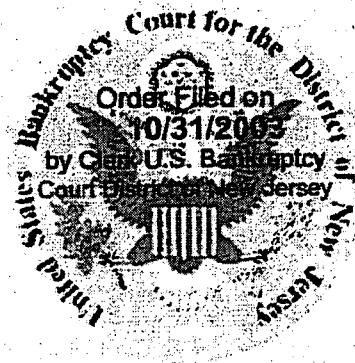
A handwritten signature in black ink, appearing to read "Steve N. Siegel", written in a cursive style.

Steve N. Siegel

cc: Marcia E. Berry, Esq. (e-mail, w/exhibits)
Pete Popovics (e-mail, w/exhibits)
Clay Monroe, Esq. (e-mail, w/exhibits)
John N. Hanson, Esq. (e-mail, w/exhibits)
William (Bill) Hengemihle (e-mail, w/exhibits)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR 9004-2(c)

COHEN TAUBER SPIEVACK & WAGNER, LLP
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Joseph M. Vann (JV 7601)
Ira R. Abel (IA-1869)



In re:

BERLIN & JONES COMPANY, INC.,

Debtor.

Chapter 11

Case No.: 03-40845

Related to D.I. #19

Judge: Hon. Novalyn L. Winfield

**ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING
(i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE
MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO
COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL
LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING
RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)**

The relief set forth on the following pages, numbered two (2) through twenty-four
(24) is hereby **ORDERED**.

DATED: 10/31/2003


Honorable Novalyn L. Winfield
United States Bankruptcy Judge



DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

Upon the application dated September 21, 2003 (the "Application") of Berlin & Jones Company, Inc., Debtor and Debtor-in-Possession (the "Debtor"), by and through its counsel, Cohen Tauber Spievack & Wagner, LLP, for an order (the "Sale Order") under sections 105, 363, 365 and 1146(c) of title 11 of the United States Code (the "Bankruptcy Code"): (i) approving, among other things, (a) the asset purchase agreement dated as of September 19, 2003 between Tension Envelope Corporation ("TEC"), and the Debtor; (ii) sale of certain specific assets of the Debtor free and clear of liens, claims, interests and encumbrances and assumption and assignment of certain unexpired executory contracts to TEC for the price of \$2,875,000 in cash, subject to closing adjustments, or to an entity making a higher and better bid for the Debtor's assets, free and clear of all liens, claims, interests and encumbrances, and (iii) granting related relief, all as more fully set forth in the Application; and notice of the Application and of the Sale Hearing appearing proper; and the Court having held a hearing on September 25, 2003 to consider the approval of bidding procedures, and by order dated September 26, 2003 having set bidding procedures (the "Bidding Procedures") for the submission of higher and better offers for the Debtor's assets (the "Bidding Procedures Order"); and upon the hearings held before this Court on October 15, 2003 and October 17, 2003 in connection with Adversary Proceeding No. 03-02646 (the "Adversary Proceeding"), the bench order issued by the Court in connection therewith (the "October 17 Bench Order") and the findings of fact and conclusions of law made by the Court at

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

such hearings with respect to, among other things, the Bidding Procedures and sale process; and Commercial Envelope Manufacturing Co. (together with its designee, if any, "Commercial" or "Buyer") having submitted a bid that was accepted in accordance with the terms of the Bidding Procedures Order; and an auction (the "Auction") having been held in accordance with the Bidding Procedures Order on October 23, 2003, at the conclusion of which the Debtor and the Official Committee of Unsecured Creditors (the "Committee") determined that Commercial had submitted the highest and best offer for the Debtor's assets; and Commercial's offer having been incorporated into the asset purchase agreement attached hereto as Exhibit "1" (the "APA"); and the terms and conditions of the APA and the proposed sale to Commercial appearing reasonable and necessary; and a hearing having been held before this Court on October 23, 2003, following the Auction, to consider approval of the APA and the selection of Commercial's bid as the highest and best (the "Sale Hearing"), at which time all interested parties were afforded an opportunity to be heard; and upon all of the proceedings had before the Court (including in connection with the Adversary Proceeding) and the evidence received in connection with the Application, and for the reasons set forth by the Court on the record at the Sale Hearing; it is

FOUND and DETERMINED as follows:

A. This Court has jurisdiction to hear and determine the Application and the issues raised therein pursuant to 28 U.S.C. §§ 157 and 1334.

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

B. Determination of the Application and the issues raised therein is a core proceeding under 28 U.S.C. § 157(b)(2)(A) and (N). The statutory predicates for the relief requested are sections 105, 363, 365 and 1146(c) of the Bankruptcy Code and Rules 2002, 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

C. The Debtor has followed reasonable procedures for providing notice of the Application, the deadline for the submission of overbids, the Auction and the Sale Hearing to interested parties.

D. The Debtor has provided proper, timely, adequate and sufficient notice of the Application, the deadline for the submission of overbids, the Auction, the Sale Hearing, and approval of the APA and the transactions contemplated thereby, under and in accord with section 102(1) of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006, and no other or further notice of the Application, the deadline for the submission of overbids, the Auction, the Sale Hearing or the entry of this Order is required.

E. A reasonable opportunity to object or be heard has been provided to all interested parties and other entities, including

- a. all parties who assert an interest in or assert liens against any of the assets to be sold pursuant to the APA (the "Assets");

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

- b. all non-debtor parties to the executory contracts that may be assumed (subject to Buyer's election);
- c. all appropriate governmental entities, including those listed on this Court's web site as requiring notices, including all Federal, State and local tax and environmental agencies and authorities and the Pension Benefit Guaranty Corporation;
- d. the Committee;
- e. Fleet National Bank ("Fleet");
- f. the United States Trustee for the District of New Jersey;
- g. all entities filing a written request for notices in this case;
- h. any entities which have been contacted with regard to purchasing the Assets within the last three (3) months prior to the Petition Date; and
- i. any entities which have submitted offers to purchase the Assets.

F. A reasonable opportunity has been afforded any interested person or entity to make a higher and better offer to purchase the Assets upon the terms and conditions and within the time period set forth in the Bidding Procedures Order.

G. The Debtor has full corporate power and authority to execute the APA and all other documents contemplated thereby and to consummate the transactions contemplated thereunder, and the sale of the Assets by the Debtor has been duly and

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

validly authorized. No consents or approvals, other than this Order are required for the Debtor to consummate such transactions.

H. The APA and all other documents contemplated thereby reflect the exercise of the Debtor's sound business judgment.

I. Approval of the APA and the transactions contemplated thereby is in the best interests of the Debtor's estate and its creditors.

J. Good and sufficient business justification has been established for consummating the APA and the transactions contemplated thereby, in that, among other things:

- a. The sale of the Assets is a necessary and required aspect of any plan of reorganization;
- b. In the absence of a prompt sale of the Assets, the Debtor will be unable to promulgate and confirm a plan of reorganization; and
- c. There is no other way, without further delay, to generate a fund from which secured and unsecured creditors may have some possibility of recovery within a reasonable time;

K. The terms and conditions of the APA are fair and reasonable. The APA represents the highest and best offer for the Assets, and the \$3,350,000 cash purchase price payable together with the other consideration provided by Buyer under the APA is fair and reasonable.

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

L. The Assets include, among other things, the confidentiality and non-solicitation agreements (the "Confidentiality Agreements") signed by the Debtor and prospective bidders for the Debtor's assets, including without limitation, TEC (the "Other Bidders"), and the Debtor's rights thereunder. The inclusion of such agreements and rights as part of the Assets was an integral and necessary part of the APA and the Buyer's willingness to participate in the Auction. At the closing of the sale of the Assets to the Buyer, the Buyer shall succeed to any and all of the Debtor's rights under the Confidentiality Agreements.

M. In accordance with the APA, Buyer has designated (i) those executory contracts and unexpired leases of the Debtor that are to be assumed by the Debtor and assigned to Buyer in connection with and as part of the sale of the Assets (the "To Be Assigned Contracts") and (ii) those contracts and leases of the Debtor that will not be assumed and assigned in accordance with the Buyer's request but will be maintained by the Debtor until the earlier of conclusion or termination of the Manufacturing Transition Period (as defined in the APA) in the case of the non-real estate leases or the Removal Transition Period (as defined in the APA) in the case of the real estate lease (the "Preserved Contracts").

N. The cure amounts (inclusive of any prepetition and postpetition defaults) in respect of the To Be Assigned Contracts (the "Cure Amounts"), if any, are either undisputed or will be determined by the Court, are the sole amounts necessary to cure

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

all defaults, and to pay all established actual or pecuniary losses that have resulted from any defaults under the Contracts. Under the APA, Commercial has agreed to pay all Cure Amounts for all of the To Be Assigned Contracts.

O. Commercial's offer in the sum of \$3,350,000 for the Assets as set forth in the APA is the highest and best bid for the Assets.

P. This is a final order and enforceable upon entry. To the extent necessary under Bankruptcy Rules 5003, 9006, 9014, 9021, and 9022, and due to the high likelihood of a very rapid decline in the value of the Assets and the Debtor's restricted use of cash collateral, there is no just reason for the delay in the implementation of this Order, and therefore the ten-day stay imposed by Bankruptcy Rule 6004(g) shall not apply to the transactions contemplated by this Order and the Buyer will be acting in good faith within the meaning of section 363(m) of the Bankruptcy Code in immediately closing the transactions contemplated by the terms of this Order following entry of this Order, including without limitation any To Be Assigned Contracts separately approved by the Court to be assumed by the Debtor and assigned to the Buyer.

Q. The transfer of the Assets and the assumption and assignment of the To Be Assigned Contracts pursuant to the terms of this Order (i) are or will be legal, valid, and effective transfers of property of the Debtor's estate to the Buyer, and (ii) vest or will vest the Buyer with all right, title, and interest in and to the Assets free and clear of all Liens, Claims and/or Interests under section 363(f) of the Bankruptcy Code. Those

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

nondebtor parties with Liens, Claims and/or Interests who did not object to the Sale Motion or the APA, or who withdrew their objections to the Sale Motion or the APA, or whose objections to the Sale Motion or the APA have been overruled on the merits, are adequately protected by either the Debtor's distributing the sale proceeds to such parties or having their Liens, Claims and/or Interests attach to the cash proceeds from the sale of the Assets, all as provided in this Order.

R. Except for those obligations expressly assumed by the Buyer in the APA (including, without limitation, any Cure Amounts for the To Be Assigned Contracts), the transfer of the Assets does not subject the Buyer to any debts, liabilities, obligations, contracts, commitments, responsibilities, or claims of any kind or nature whatsoever, whether known or unknown, contingent or otherwise, existing as of the date hereof or hereafter arising, of, against or by the Debtor, any affiliate of Debtor, or any other person by reason of such transfers, assignments and/or solicitations under the laws of the United States, any state, territory, or possession thereof, or the District of Columbia applicable to such transactions, including any claims under any federal, state or local tax laws, environmental laws or any statutory or common law claim of successor liability.

S. The Cure Amounts under the To Be Assigned Contracts shall be paid by the Buyer within five business days of the later of the (a) Closing Date (as defined in the APA) and (b) the entry of an order approving the assumption of the To Be Assigned

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

Contracts and assignment thereof to the Buyer. Except for any entity that filed an objection prior to the Sale Hearing as to which the Court shall determine the appropriate Cure Amount, the Cure Amount designated by the Debtor in its Notice of Cure Amounts dated October 2, 2003 and filed with the Court, with respect to each of the To Be Assigned Contracts shall reflect the maximum Cure Amount that will be required to be paid by the Buyer with respect to each such To Be Assigned Contract on account of amounts owing for the prepetition and postpetition periods prior to the Sale Hearing.

T. The APA was negotiated, proposed and entered into by the Debtor and Commercial without collusion, in good faith and from arm's length bargaining positions.

U. The sale process and Auction conducted pursuant to the Bidding Procedures Order was non-collusive, fair and reasonable and was conducted openly and in good faith. The transfer of the Assets to Commercial represents an arm's-length transaction and has been negotiated in good faith between Commercial and the Debtor. Commercial is a buyer in good faith of the Assets within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby.

V. Neither the Debtor nor Commercial has engaged in any conduct that would cause or permit the APA to be avoided under section 363(n) of the Bankruptcy Code.

W. The assumption, assignment and sale of the Assets to the Buyer on the terms set forth in the APA, is in the best interests of the Debtor, its estate and its

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

creditors, and the Debtor has articulated good and sufficient business justification to transfer the Assets to the Buyer on the terms set forth in the APA.

X. The terms of the APA are in relevant part similar to the terms served upon interested parties, are fair and reasonable and the price to be paid by the Buyer pursuant to the APA represents the highest and best offer for the Assets.

Y. The Bidding Procedures, the October 17 Bench Order and the Auction afforded a full and fair opportunity for any entity to make a higher and better offer to purchase the Assets.

Z. The Assets may be sold pursuant to section 363(f) of the Bankruptcy Code free and clear of all Liens, Claims and/or Interests (as hereinafter defined).

AA. The transfer of the Assets is necessary to the Debtor's reorganization efforts and will be integral to any chapter 11 plan proposed by the Debtor in this case, and is deemed reasonably necessary to the consummation of any chapter 11 plan pursuant to section 1146(c) of the Bankruptcy Code.

BB. The transfer of the Assets and the assignment of the To Be Assigned Contracts pursuant to the APA (a) are or will be legal, valid and effective transfers of property of the Debtor's estates to the Buyer, and (b) except as may be otherwise provided in the APA, vest or will vest the Buyer with good title to the Assets and the To Be Assigned Contracts free and clear of all Liens, Claims and/or Interests under section 363(f) of the Bankruptcy Code.

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED
THAT:

1. The Application be, and it hereby is, granted in its entirety.
2. All objections, if any, to the Application or the relief requested therein, that have not been withdrawn, waived, or resolved, and all reservations of rights included therein, are hereby overruled on the merits.
3. The terms and conditions and transactions contemplated by the APA are hereby approved in all respects, and the sale of the Assets to the Buyer for the sum of \$3,350,000 is hereby approved in all respects and authorized under section 363(b) and (f) of the Bankruptcy Code.
4. Pursuant to section 363(b) of the Bankruptcy Code, the Debtor is hereby authorized and empowered to enter into the APA, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the APA and the transactions contemplated thereby, and to take all further actions which may reasonably be requested by the Buyer for the purpose of consummating the APA, transferring the Assets and, pursuant to section 365 of the Bankruptcy Code, assuming and assigning the To Be Assigned Contracts.
5. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon the closing under the APA, the Assets shall be transferred to the Buyer free and clear of all mortgages, security interests, conditional sale or other title retention agreements,

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

pledges, liens, judgments, hypothecation, demands, charges, encumbrances, easements restrictions or charges of any kind or nature, if any, including, without limitation, any restriction on the use voting, transfer, receipt of income or other exercise of any attributes of ownership, licenses, sublicenses, assignments, debts arising in any way in connection with any acts of the Debtor, claims (including those defined in section 101(5) of the Bankruptcy Code), claims based on any theory of successor liability, *de facto* merger or substantial continuity, obligations, demands, guaranties, options, rights, contractual commitments, restrictions, employee benefit obligations, collective bargaining agreements, claims based on pension plan contributions and related liabilities, environmental liabilities, options to purchase, options, interests and matters of any kind or nature arising on or prior to the Closing Date or relating to acts occurring on or prior to the Closing Date, whether direct or indirect, absolute or contingent, choate or inchoate, fixed or contingent, matured or unmatured, liquidated or unliquidated and whether arising or imposed by agreement, understanding, law, equity or otherwise (collectively referred to hereinafter as "Liens, Claims and/or Interests"), with all such Liens, Claims and/or Interests to attach to the net proceeds of the sale of the Assets, if at all, in the order of their priority, with the same validity, force and effect which they now have as against the Assets, subject to the rights, claims, defenses and objections, if any, of the Debtor or any interested party with respect to such Liens, Claims and/or Interests; *provided, however*, that the Buyer shall remain liable for all of its obligations

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under the APA and any liabilities, specifically assumed by the Buyer in the APA (including, without limitation, the Cure Amounts for the To Be Assigned Contracts).

6. The transfer of the Assets to the Buyer, on the terms contained in this Order, constitutes a legal, valid, and effective transfer of the Assets, and shall vest the Buyer with all right, title, and interest of the Debtor in and to the Assets free and clear of all Liens, Claims and/or Interests. Between the Sale Hearing and the Closing Date, the Debtor shall not transfer any of the Assets except in accordance with the APA.

7. All persons and entities, including, but not limited to, all debt security holders, equity security holders, governmental, tax, and regulatory agencies and authorities, licensees, lenders, trade and other creditors, Other Bidders, employees and other present and future claimants, are hereby forever barred, estopped, and permanently enjoined from asserting against the Buyer, its successors or assigns, its property, or the Assets, such persons' or entities' Liens, Claims and/or Interests including but not limited to: (i) from commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including, without expressed or implied limitation, any thereof in a judicial, arbitral, administrative or other forum) against or affecting the Buyer or the Assets; (ii) from enforcing, levying, attaching (including, without expressed or implied limitation, any prejudgment attachment), collecting or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against the Buyer or the Assets;

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

(iii) from creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any Lien, Claim and/or Interest against the Buyer or the Assets; (iv) from setting off, seeking reimbursement of, contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to Debtor or affecting the Assets; *provided, however*, that the Buyer shall remain liable for all of its obligations under the APA and any liabilities specifically assumed by the Buyer in the APA (including, without limitation, the Cure Amounts for the To Be Assigned Contracts). Following the Closing Date, no holder of a Lien, Claim and/or Interest shall interfere with the Buyer's title to or use and enjoyment of the Assets based on or related to such Lien, Claim and/or Interest, or any actions that the Debtor has taken or may take in its chapter 11 case.

8. This Order shall be binding upon and govern the acts of all entities, including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, and all other persons or entities who may be required by operation of law, the duties of their office or contract to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report to or insure title or state of title in or to any of the Assets. Each and every federal, state and local governmental agency or department is hereby directed to accept any and all documents

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

and instruments necessary and appropriate to consummate the transactions contemplated by the APA, including without limitation, documents and instruments for recording in any governmental agency or department required to transfer to the Buyer any and all licenses under the Debtor's ownership necessary for the operation associated with the Assets, and county and state offices wherein termination statements under the Uniform Commercial Code are authorized to be filed. If necessary, this Order will be accepted for recordation on or after the Closing Date as conclusive evidence of the free and clear, unencumbered transfer of title to the Assets conveyed to the Buyer.

9. On or before the Closing Date, each of the Debtor's creditors is authorized and hereby directed to, and upon Debtor's request will, execute such documents and take all other actions as may be necessary to release its Liens, Claims and/or Interests, if any, as such Liens, Claims and/or Interests may have been recorded or may otherwise exist against, in or upon the Assets.

10. If any person or entity that has filed judgment liens, tax liens, financing statements, mortgages, mechanic's liens, *lis pendens*, or other documents or agreements evidencing Liens, Claims and/or Interests with respect to the Assets shall not have delivered to the Debtor prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all liens, claims, encumbrances, licenses, sublicenses, assignments, and interests which the person or entity has with respect to the Assets or otherwise, then

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

(i) upon request by the Buyer, the Debtor is hereby authorized and directed to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to the Assets; and (ii) the Buyer is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all Liens, Claims and/or Interests in the Assets of any kind or nature whatsoever, with such Liens, Claims and/or Interests to attach to the proceeds of the sale of the Assets as provided in this Order.

11. If any of the Assets are in the care or custody of any non-debtor party, such party on or after the Closing Date will immediately upon request surrender any such Assets in its care or custody to the Buyer.

12. On the Closing Date, the Buyer is granted immediate and unfettered access to the Assets. The Debtor and its officers, agents and employees who have access to and control over any of the Assets will cease exercising control over the Assets as of the Closing Date, and, except as provided in the APA or hereunder with respect to reasonable access of the Debtor, the Committee and Fleet to the Debtor's books and records, such persons or entities are enjoined after the Closing Date from exercising any control and/or interfering with the Buyer's use, peaceful enjoyment and control of the Assets without the Buyer's consent.

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

13. Except for the amount of the Broker Escrow (as defined in the APA), which shall be disbursed in accordance with a further order of the Court, and the amount of the Break-Up Fee (as defined in the Bidding Procedures Order), which shall be disbursed in accordance with the terms of the Bidding Procedures Order (without prejudice to any party's right to object to the payment of the Break-Up Fee to TEC), all proceeds of the transfer of sale of the Assets shall be paid by the Debtor at closing or, in respect of the Hold Back Escrow (as defined in the APA), whenever collected, to Fleet on account of the Debtor's indebtedness to Fleet and in accordance with the cash collateral orders entered in this chapter 11 case.

14. Except for obligations expressly assumed by the Buyer under the APA, (a) the Buyer shall not be liable for any claims against the Debtor or any of its predecessors or affiliates, and the Buyer shall have no successor or vicarious liabilities of any kind or character, whether known or unknown, as of the Closing Date, now existing or hereafter arising, whether fixed or contingent, including without limitation any claims of or against the Debtor, any affiliates of the Debtor, and the Assets for any and all claims by any person or entity whatsoever, including, but not limited to, liabilities on account of any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of the businesses prior to the Closing Date, and (b) the Buyer shall have no liability for any claim by any person or entity against the Debtor, any affiliates of Debtor, or the Assets which is pending in a court of competent jurisdiction

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

anywhere in the United States or elsewhere as of the Closing Date; rather, any liability as may be established for such claims shall attach only to the proceeds of the purchase price as provided in this Order.

15. Under no circumstances shall the Buyer be deemed a successor of or to the Debtor for any Lien, Claim and/or Interest. Except as provided herein or in the APA, the sale, transfer, assignment, and delivery of the Assets shall not be subject to any Lien, Claim and/or Interest, and any Lien, Claim and/or Interest shall remain with, and continue to be obligations of, the Debtor.

16. The transfer of the Assets shall be, and hereby is, deemed exempt from state and local transfer taxes pursuant to section 1146(c) of the Bankruptcy Code or otherwise, and the recordation of any and all instruments to evidence the transfer shall not be subject to transfer, recordation, stamp or similar tax, provided that a chapter 11 plan is confirmed.

17. In the event of a default by the Buyer, the Debtor is authorized to settle an order, upon counsel to Fleet, the Buyer, the Committee, and the United States Trustee, substantially in the form of this Order, authorizing the Debtor to assume, assign and sell the Assets to TEC, the second highest bidder at the Auction in accordance with the terms of its highest bid submitted at the Auction.

18. This Order is a final order and enforceable upon entry. To the extent necessary under Bankruptcy Rules 5003, 9006, 9014, 9021, and 9022, and due to the

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

high likelihood of a very rapid decline in the value of the Assets, and the Debtor's restricted use of cash collateral, this Court expressly finds that there is no just reason for delay in the implementation of this Order and expressly directs entry of judgment as set forth herein, and the ten-day stay imposed by Federal Rule of Bankruptcy Procedure 6004(g) is hereby modified and shall not apply to the transactions contemplated by this Order. Time is of the essence in closing the transactions contemplated by this Order, and the Debtor and the Buyer intend to close such transactions as soon as possible; therefore the Debtor is authorized immediately to consummate the sale of the Assets to Buyer without delay, and the Buyer constitutes a purchaser in good faith of the Assets, and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code, in immediately closing the transactions contemplated by this Order. Therefore, any party objecting to this Order must exercise due diligence in filing an appeal and pursuing a stay or risk their appeal being foreclosed as moot.

19. The Court's findings of fact and conclusions of law satisfy the requirement of Fed. R. Civ. P. 52 applicable herein by reason of Bankruptcy Rule 9014.

20. This Court retains jurisdiction, regardless of whether a plan of reorganization has been confirmed in this case and irrespective of the provisions of any such plan or order confirming such plan, (a) to enforce and implement the terms and provisions of the APA, all amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith, (b) to compel delivery

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03-40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

of the Assets to the Buyer, (c) to compel delivery of the purchase price under the APA, (d) to resolve any disputes, controversies or claims arising out of or relating to the APA or with respect to any of the Assets and the Buyer's rights in connection therewith, including, without limitation, any issues relating to the Manufacturing Transition Period or the Removal Transition Period and (e) to interpret, implement and enforce the provisions of this Order.

21. Nothing contained in any chapter 11 plan confirmed in this case or the order of confirmation shall alter the provisions of the APA or the terms of this Order.

22. The terms and provisions of the APA, together with the terms and provisions of this Order, shall be binding in all respects upon the Debtor, its estate, creditors and shareholders, the Other Bidders, any party having received notice of these proceedings, any affected third parties and other parties in interest, the Buyer, and any affected third parties including, without limitation, all non-debtor parties to the To Be Assigned Contracts to be assigned to the Buyer pursuant to the APA and a further order of this Court, and persons or entities asserting a Lien, Claim and/or Interest and the respective affiliates, successors and assigns of any of the foregoing. The APA and the transactions contemplated thereby shall be specifically performable and enforceable against and binding upon, and not subject to rejection or avoidance by, the Debtor, or any chapter 7 or chapter 11 Trustee of the Debtor and its estate.

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

23. The APA and any documents, instruments or other related agreements, may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment or supplement is not material and is in writing.

24. In accordance with the APA, on or before October 31, 2003, the Debtor shall file a motion on shortened notice to assume the To Be Assigned Contracts and assign them to the Buyer.

25. The Debtor shall not be authorized to reject the Preserved Contracts until the conclusion of the Manufacturing Transition Period in the case of the non-real estate leases or the Removal Transition Period in the case of the real estate lease (or in either case such earlier time agreed to by the Buyer). At the conclusion or termination of the Manufacturing Transition Period in the case of the non-real estate leases or the Removal Transition Period in the case of the real estate lease or such earlier time designated by the Buyer, the Debtor shall promptly file a motion to reject the Preserved Contracts. The Debtor shall be authorized to reject at any time any of its executory contracts and unexpired leases that are not To Be Assigned Contracts or Preserved Contracts. Unless the Buyer agrees in writing otherwise, the Preserved Contracts shall be maintained by the Debtor through the conclusion of the Manufacturing Transition Period in the case of the non-real estate leases or the Removal Transition Period in the case of the real estate lease so that the Buyer can complete without interruption an

DEBTOR - BERLIN & JONES CORPORATION
CASE NO. 03 -40845

TITLE OF ORDER: ORDER UNDER 11 U.S.C. §§ 105, 363, 365 AND 1146(c) APPROVING (i) SALE AGREEMENT BETWEEN THE DEBTOR AND COMMERCIAL ENVELOPE MANUFACTURING CO., (ii) SALE OF CERTAIN OF THE ESTATE'S ASSETS TO COMMERCIAL ENVELOPE MANUFACTURING CO., FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (iii) GRANTING RELATED RELIEF, INCLUDING RELIEF UNDER 11 U.S.C. § 1146(c)

released by the defendants with respect to the claims asserted in or relating to the allegations made in the Adversary Proceeding. Within three (3) business days after the Closing Date, (a) the Debtor shall file a stipulation of dismissal pursuant to Bankruptcy Rule 7041 providing for the dismissal of the Adversary Proceeding and the vacature of the October 17 Bench Order and (b) the Debtor, the Committee and the defendants in the Adversary Proceeding shall exchange releases with respect to the claims asserted in or relating to the allegations made in the Adversary Proceeding.

28. The failure to specifically include any particular provision of the APA or the agreements contemplated thereby in this Order will not diminish the effectiveness of such provision, it being the intent of this Court that the APA and the agreements contemplated thereby are authorized and approved in their entirety.

29. The requirement of New Jersey Local Bankruptcy Rule 9013-2 that the Debtor file a separate memorandum of law in support of its Application is hereby waived.

Execution Copy**ASSET PURCHASE AGREEMENT**

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of the 31st day of October 2003 by and between BERLIN & JONES CO., INC., a New Jersey corporation having its principal place of business at 2 East Union Avenue, East Rutherford, New Jersey 07073, operating as a Debtor-in-Possession under Title 11 of the Bankruptcy Code ("Debtor" or "Seller"), and COMMERCIAL ENVELOPE MANUFACTURING CO., INC., a New York corporation, having its principal place of business located at 900 Grand Boulevard, Deer Park, New York 11729 ("Purchaser").

RECITALS

A. On September 18, 2003 Seller filed a voluntary petition for relief in the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"), Case No. 03-40845 under Chapter 11 of Title 11 of the United States Code ("Bankruptcy Code").

B. Seller is the owner of tangible personal property including certain manufacturing equipment located at 2 East Union Avenue, East Rutherford, New Jersey 07073 ("Seller's Plant") (collectively the "Equipment"), plus various other tangible and intangible assets.

C. Seller and Purchaser desire to enter into this Agreement in order to provide for the purchase by Purchaser and the sale by Seller of the Equipment and all other property and interests of Seller described in § 1 below subject to the terms and conditions contained herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

1. **AGREEMENT FOR PURCHASE AND SALE.** Seller agrees to sell, and Purchaser agrees to purchase, subject to the terms and conditions contained herein all of the assets described below including the Equipment and all other assets described below (collectively the "Assets"):

(a) **Tangible Personal Property.** All equipment and personal property owned by Seller wherever located including all equipment at or used in connection with the ownership, operation and maintenance of the Seller's Plant, or in connection with any other facility operated by the Seller, and including without limitation all machinery, manufacturing equipment, furniture, furnishings, appliances, tools, supplies, signs, other equipment, books, records, files and all other personal property owned by Seller at the Seller's Plant or elsewhere including but not limited to, motor vehicles as identified on Schedule 1.1(a) with respect to the Equipment and Schedule 1.1(b) with respect to Vehicles, owned by the Seller (the "Personal Property");

EXHIBIT**2**

(b) Inventory. All inventory, wherever located and owned by Seller, including work in process, semi-finished and finished goods, raw materials, promotional materials, replacements and spare parts, packaging materials, operating supplies and all other usable inventory (the "Inventory");

(c) Existing Orders, Contract Rights and General Intangibles. All (a) existing orders of Seller's customers that are in the process of being fulfilled or yet to be fulfilled by Seller to the extent transferable by Seller to Purchaser, (b) all executory contracts of the Seller as specifically assumed and assigned at the request of the Purchaser under § 365 of the Bankruptcy Code that Purchaser in its sole discretion desires to assume and which are assumable and are identified on Schedule 1.1(c) (collectively the "Assigned Contracts") and (c) all Seller's general intangibles other than claims and causes of action;

(d) Intellectual Property. Any and all patents, trademarks, copyrights, whether or not registered, and applications for any and all of the foregoing, designs, drawings, manuals, trade secrets, lists of past and present customers, potential customers, performance standards, research data, analysis and computer software and programs, sales data, sales and advertising materials, sales and service manuals and all other proprietary confidential and other similar information (in whatever form or medium) relating to the merchandising, sale or distribution of products and the conduct of Seller's business (collectively "Intellectual Property");

(e) Operating Names. The name "Berlin & Jones" and any other names now or previously used by Seller in the operation of its business including but not limited to those on Schedule 1.1(e) (the "Tradenames").

(f) Records. All records, lists and other information pertaining to referral sources, all lists and records pertaining to suppliers and customers, and all books and records of every kind (including, without limitation, those evidenced by computer) relating to Seller's customers and its business except any books and records specifically set forth in the Excluded Assets as set forth below in § 2, (all such books and records which Seller shall make reasonably available to Purchaser until the acquisition as set forth herein is concluded or this Agreement is terminated all of which shall be furnished to Purchaser at Seller's expense);

(g) Licenses, Permits and Approvals. To the extent assignable or transferable, all permits, franchises, licenses, approvals and authorizations by or of governmental authorities or third parties required in connection with ownership of any other property being transferred hereunder;

(h) Goodwill. All goodwill associated with Seller;

(i) Other Assets. All other properties and assets owned by the Seller that are used in and are necessary for the production and satisfaction of all orders

for goods existing as of the Closing (as hereinafter defined) whether or not of a type falling within any of the categories of assets or properties described above.

(j) Any and all confidentiality, non-disclosure and/or non-solicitation agreements executed by any third party in connection with their respective consideration of a possible transaction with Seller, as modified by the Bankruptcy Court on the record at the hearing held on October 23, 2003 to consider approval of this Agreement and in the Final Order (as hereinafter defined).

2. **ASSETS EXCLUDED FROM SALE.** Expressly excluded from the Assets are the following (the "Excluded Assets"):

(a) All Seller's accounts receivable and all fixtures at Seller's Plant including tanks, lines and racking, central chip collection system, air distribution piping, incinerators, dock levelors and shelters, light fixtures, telephone equipment, alarm systems, sprinkler systems, fire extinguishers, all heating ventilation and air conditioning equipment, and conveyor systems.

(b) Any pension plan, profit sharing plan, or other plan or program providing benefits to employees of the Seller;

(c) All Seller's tax attributes or tax refunds;

(d) All Seller's cash in any bank account as of the Closing and all of Seller's security deposits held by third parties;

(e) All Seller's interest in real estate except as otherwise specified herein;

(f) All Seller's contracts and agreements other than those being assumed by and assigned to Purchasers by the Bankruptcy Court in the bankruptcy case;

(g) All Seller's claims and causes of action of any kind including but not limited to any claims or causes of action under Chapter 5 of the Bankruptcy Code;

(h) All equipment leased by Seller; and

(i) All other property or assets not described in § 1 (a) through (j) above.

3. **PURCHASE PRICE.** The Purchase Price ("Purchase Price") for all of the Assets shall be an amount equal to \$3,350,000 which includes a Hold Back Escrow Amount of \$400,000 to be paid by Purchaser at Closing into escrow with Purchaser's counsel and to be adjusted and paid as set forth below based upon a final accounting of the Inventory as of the Closing Date ("Hold Back Escrow") and the Broker Escrow defined in § 4, plus the "cure amounts" (inclusive of pre-petition and post-petition

defaults) for any executory contracts or unexpired leases assumed and assigned to Purchaser. An amount of \$305,000 in cash or its equivalent in immediately available funds (the "Earnest Money Deposit") has already been paid into escrow as an earnest deposit with Seller's counsel on October 14, 2003. The Earnest Money Deposit shall be held in escrow with Seller's counsel and shall be applied to the Purchase Price (together with interest, if any, earned thereon) and paid to Seller at Closing.

The Purchase Price shall be paid by Purchaser as follows: Purchaser shall deliver to Seller by wire transfer or certified funds \$3,350,000 in cash at Closing ("Closing Date Payment"), less (a) the Earnest Money Deposit already posted; (b) the Hold Back Escrow to be wired transferred into escrow with Purchaser's counsel at Closing; and (c) the Broker's Fee to be wire transferred to the Broker Escrow with Seller's counsel at Closing, with all wired funds to be transmitted to such accounts as shall be specified in writing by the respective recipients. In addition, upon the entry of an order of the Bankruptcy Court authorizing the Seller to assume and assign executory contracts and unexpired leases, Purchaser shall immediately assume and remit the relevant cure amounts to Seller

The Hold Back Escrow will be distributed within forty-five (45) days after the Closing Date as follows: if the Inventory in the Seller's possession on the Closing Date calculated on a first-in-first-out accounting basis is less than \$800,000, then the amount by which the Inventory is less than \$800,000 will be delivered to Purchaser from the Hold Back Escrow and any remaining amount of the Hold Back Escrow, if any, shall be distributed to Seller; but if the Inventory as of the Closing Date is determined to be equal to or greater than \$800,000, the Hold Back Escrow will be delivered in its entirety to Seller 45-days after the Closing Date by wire transfer.

4. **BROKERS.** Seller has dealt only with Mina Findings, Inc. with respect to the sale of the Assets and with no other brokers, finders or agents. Purchaser has not dealt with any broker, finder or agent in connection with this transaction. The fee that Seller has incurred to Mina Findings, Inc. is \$70,000, subject to adjustment with Seller, ("Broker's Fee") and shall be deducted from the Purchase Price and placed on the Closing Date by wire transfer into an escrow with the Seller's counsel separate from the Closing Date Payment (the "Broker Escrow"). The Broker Escrow shall secure the Seller's obligation to indemnify Purchaser against any such fees as set forth below; the Broker Escrow shall be released upon the entry of a final, non-appealable order of the Bankruptcy Court approving such payment to Mina Findings, Inc. Notwithstanding the foregoing, Purchaser shall have no liability or obligation to pay any amounts directly to Mina Findings, Inc. nor to any broker, finder or agent engaged at any time by Seller. Seller hereby agrees to indemnify and hold harmless the Purchaser from and against any payment of commission, compensation, broker's fees, costs or any other expenses incurred in connection with any claims of brokers, agents or finders for fees in connection with the transaction, including the Broker's Fee.

5. **CLOSING.** The closing of the transactions contemplated by this Agreement (the "Closing") will take place, upon the occurrence of all conditions precedent being met, at 10.00 A.M. on a date no later than November 5, 2003 at the

offices of McGuire Woods LLP, 9 West 57th Street, New York, New York 10019 or at such other time and place as may be mutually agreed upon by the parties hereto (the "Closing Date"), time being of the essence as to such Closing Date. All Closing Documents (as defined below) with respect to any of the Assets shall be delivered to the Purchaser in form and content reasonably acceptable to Purchaser at the Closing.

6. **CLOSING DOCUMENTS.** At the Closing, Seller shall transfer and convey title to the Assets to Purchaser free and clear of all liens, claims, (as that term is defined in §101 of the Bankruptcy Code) and encumbrances of any kind and nature whatsoever to the fullest extent permitted by law or equity, by:

(a) Delivery of a copy of an Order of the Bankruptcy Court, substantially in the form annexed hereto as Schedule 6.1(a) (the "Final Order") that has been entered on the Bankruptcy Court's internet docket and as to which no stay of the enforcement of the Final Order is in effect, finding, concluding, confirming and ruling that Purchaser constitutes a good faith purchaser within the meaning of §363(m) of the Bankruptcy Code and that all facets of the subject transaction, including the purchase described in this Agreement and all notices thereof, have been proposed, conducted, adequately disclosed, negotiated, and agreed to in good faith within the meaning of and pursuant to § 363 of the Bankruptcy Code and finding that the Assets have been sold to Purchaser free and clear of any and all liens and claims of any kind and the Purchaser has assumed no liabilities as set forth in paragraph 8 below;

(b) Delivery of a Bill of Sale substantially in the form annexed hereto as Schedule 6.1(b) executed by Seller that transfers all of the Assets to the Purchaser; and

(c) Delivery of such other documentation as prepared by Purchaser's counsel, in form reasonably acceptable to Seller's counsel, as Purchaser or its counsel shall reasonably deem necessary in order to close this transaction pursuant to the terms of this Agreement.

7. **CLOSING COSTS.** Each party shall pay its own costs and expense incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. The Seller shall pay all state, county and municipal taxes that are the responsibility of Seller by law or regulation, imposed by reason of the sale, transfer, arrangement conveyance and delivery of the Assets and all deficiencies, interest or penalties asserted, incurred or assessed with respect thereto, and the Purchaser shall pay the fees and costs of recording or filing all applicable conveyance documents including, without limitation, general releases from Seller and the Official Committee of Unsecured Creditors and their respective agents, representatives, successors and assigns in favor of Purchaser and the five sales people-defendants in the adversary proceeding commenced by Seller of the claims asserted in the Adversary Proceeding, No. 03-02646.

8. NO ASSUMPTION OF LIABILITIES. Except for any executory contracts or unexpired leases assumed and assigned to Purchaser, the Purchaser shall not assume or be responsible for any of the Seller's liabilities or obligations existing as of the Closing, including any unfunded withdrawal liability to any multi-employer pension plan or any claims (as defined in §101 of the Bankruptcy Code). Such liabilities that Purchaser shall not assume or be responsible for, include, but are not limited to any past, present or future liabilities or obligations of Seller arising under loans and other debts, taxes, wages, unpaid commissions, bonuses, brokers' fees, profit and pension plans, any type of employee benefits, health insurance claims, union contracts, earned but unpaid wages or salary, severance benefits, unused or unpaid vacation days, unpaid medical or dental expenses, federal, state or local environmental laws, OSHA, FLSA, ERISA, CERCLA, Superfund and any claims under any other federal, state and local laws, warranty and liability claims, unfair labor practices, employee claims, discrimination claims, errors and omissions, litigation, violations of law and tort claims or actions, whether disclosed or undisclosed, any or all of which have accrued or arise out of Seller's omissions or the conduct of its business on or prior to the Closing Date. Purchaser shall have no liability arising out of Seller's ownership or operation of the Assets including personal injury or property damage to customers, employees or third parties. Notwithstanding the foregoing, the Purchaser remains liable for its obligations under this Agreement.

9. REPRESENTATIONS AND WARRANTIES. (a) Seller represents and warrants to Purchaser, as of the date hereof and again as of the Closing, subject to the provisions of the Final Order authorizing and approving this Agreement and the transactions contemplated hereby that:

(i) Seller has all necessary power and authority subject to Court approval to enter into this Agreement and, upon entry of the Final Order, to consummate all of the transactions contemplated herein. This Agreement and all documents to be executed by Seller and delivered to Purchaser hereunder (A) are and will be the legal, valid and binding obligations of Seller, enforceable in accordance with their terms, (B) do not or will not contravene any provision of any existing laws and regulations applicable to Seller or the Assets, and (C) will not conflict with or result in a violation of any agreement, instrument, order, writ, judgment or decree to which Seller is a party or is subject or which governs the Assets, or, as to any of the foregoing, the Final Order authorizes this Agreement and the transactions contemplated hereby despite the lack of any such condition being present;

(ii) Seller has good, marketable title to the Assets and Seller has no knowledge of any person or entity with any lease, right of first refusal, option or similar rights to acquire any interest in, or occupancy of, the Assets or any part thereof;

(iii) To the best of Seller's knowledge Seller has received no notice of, any violation of any zoning, subdivision, planning, building, fire,

insurance, safety, health, environmental or other applicable laws, ordinances or regulations (except as previously disclosed by Seller to Purchaser in writing prior to the date hereof);

(iv) (A) To the best of Seller's knowledge, except as disclosed by Seller to Purchaser in writing before the date hereof, Seller has not conducted, transported, generated, stored, treated, used or disposed of any Hazardous Substances (as defined below) at or from the Seller's Plant in violation of any applicable environmental laws, (B) to the best of Seller's knowledge, the Seller's Plant does not contain any Hazardous Substances in violation of any applicable environmental laws, (C) to the best of Seller's knowledge, except for matters disclosed to Purchaser by Seller in writing prior to the date hereof, Seller has not received any notice of, and has no actual knowledge that, any administrative agency or other governmental authority or any employee or agent thereof has determined or alleged that there has been (or is investigating whether there is) a presence at, release or threat of release from, or placement on or in, the Seller's Plant of any Hazardous Substances, or any generation, transportation, storage, treatment or disposal at or from the Seller's Plant of any Hazardous Substance in violation of any applicable environmental laws, (D) to the best of Seller's knowledge, no portion of the Seller's Plant lies within an area which constitutes a "wetland" or protected area subject to the jurisdiction of the United States Army Corps of Engineers or any federal, state or local administrative agency, and (E) to the best of Seller's knowledge, no underground storage tanks are located on the Property. "Hazardous Substances" as used herein means (i) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, polychlorinated biphenyls and radon gas and (ii) any chemicals, materials or substances defined as or included in the definitions of "hazardous substances", "hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "bio hazard", "biological waste", "medical waste" or words of similar import, under any applicable federal, state or local environmental, safety or health laws, ordinances, rules of common law, regulations or directives;

(v) Seller makes no representation or warranty regarding the fitness and condition of the Assets sold to Purchaser hereunder and all such Assets are sold "as is" and "with all faults." Seller expressly disclaims any warranty of merchantability or fitness for a particular purpose;

(vi) Excluding issues related to environmental laws or regulations, the Assets substantially conform with all applicable ordinances, regulations and zoning or other laws, and the use and ownership of the Assets and operation thereof are in material compliance with all applicable laws, ordinances, and regulations governing such use

and operation, including without limitation, any relevant federal and state safety, health, waste laws, regulations, standards and ordinances;

(vii) Seller has those necessary permits, licenses and governmental authorizations required for the ownership of the Assets, the absence of which would have a material adverse effect on the Assets taken as a whole, and no suspension or cancellation of any of them is threatened. Seller has not been charged with, threatened in writing with charges of, or placed under investigation with respect to a possible violation of, any federal, state, county or municipal law, ordinance, order, regulation or requirement. Except as disclosed in writing to Purchaser before the date hereof, Seller has timely filed all reports, data, and other information required to be filed with any commission, board, bureau, or agency, the failure to file which could reasonably be expected to have a material adverse effect on the Assets;

(viii) Except as disclosed in writing to Purchaser before the date hereof, there is no action, suit, proceeding or investigation before any court, arbitrator or governmental authority, pending, or threatened against Seller (or against any officer or employee in relation to the affairs of Seller) which could have a material adverse effect on the Assets;

(ix) [Intentionally Omitted];

(x) Seller has provided Purchaser with a materially accurate list of all written and oral contracts, agreements, leases and other legally binding commitments in respect of the Assets which will be updated no later than one day prior to Closing Date;

(xi) [Intentionally Omitted].

All of the representations and warranties of Seller and Purchaser contained in this Section shall merge upon the Closing and none shall survive the Closing or termination of this Agreement.

(b) Purchaser represents and warrants to Seller, as of the date hereof and again as of the Closing, that:

(i) Purchaser has all necessary power and authority to enter into this Agreement and, upon entry of the Final Order, to consummate all of the transactions contemplated herein. This Agreement and all documents to be executed by Purchaser and delivered to Seller hereunder (a) are and will be the legal, valid and binding obligations of Purchaser, enforceable in accordance with their terms (b) do not and will not contravene any provision of Purchaser's certificate of incorporation or bylaws, or any existing laws and regulations applicable to Purchaser, and (c) will not conflict with or result in a violation of any agreement,

instrument, order, writ, judgment or decree to which Purchaser is a party or is subject;

(ii) Purchaser has the necessary funds available out of its own working capital to consummate the transactions contemplated by this Agreement and does not require, nor is it a condition to Purchaser's obligations hereunder, that it secure debt or equity financing of any sort from any third party.

10. CONDITIONS PRECEDENT.

(a) Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to satisfaction of each of the following conditions unless waived in writing by Purchaser in its sole discretion:

(i) The entry of the Final Order, the enforcement of which has not been stayed;

(ii) Subject to Bankruptcy Court approval, the assignment by Seller to Purchaser of all Contract Rights elected to be assumed by Purchaser on or before the close of business on October 28, 2003 pursuant to the terms of this Agreement and for which the cost fixed by the Bankruptcy Court has been paid by Purchaser. Seller shall use its reasonable efforts post-Closing to obtain the consents of any necessary party and as required, the Bankruptcy Court, under any contract or lease to be assumed by Purchaser pursuant to the terms of this Agreement;

(iii) Delivery of adequate Notice of the Sale Motion to all creditors and parties in interest as required by Bankruptcy Rule 2002 or permitted by the Bankruptcy Court including to all persons or entities claiming any lien or other interest in the Assets, all federal, state and local tax authorities, all local, state and federal environmental regulatory agencies, and the Pension Benefit Guaranty Corporation, all in a form and substance reasonably satisfactory to Purchaser's counsel or approved by the Bankruptcy Court;

(iv) [Intentionally omitted];

(v) The rejection under § 1113 of the Bankruptcy Code of all collective bargaining agreements to which Seller is a party that have not expired or been terminated as of the Closing;

(vi) [Intentionally Omitted]

(vii) The representations and warranties of Seller contained herein, and the schedules attached hereto, shall be true and correct in all material respects on the date hereof (or the date delivered in the case of

any Schedules hereafter delivered to Purchaser) and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made, and such schedules had been delivered, on and as of the Closing Date, except to the extent that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all material respects as of such date;

(viii) There shall have been no material adverse change to the Tangible Personal Property from the date hereof to the Closing Date. For purposes hereof the foregoing sentence, "material adverse change" shall mean damage to all of the Equipment in the aggregate that exceeds \$200,000 to repair and that: (i) is not repaired before the Closing Date to the Purchaser's satisfaction (which shall not be unreasonably withheld); or (ii) Seller is unwilling to have deducted from the Purchase Price.

(ix) Purchaser shall have had reasonable access to all offices, property, records and personnel of Seller between the date hereof and the Closing Date, but in no way as to constitute any interference with Seller's ongoing business.

(b) Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to satisfaction of each of the following conditions unless waived in writing by Seller in its sole discretion:

(i) [Intentionally Omitted]

(ii) Purchaser shall offer one year employment contracts to certain of the current sales people based on terms and conditions as the parties thereto may otherwise agree;

(iii) [Intentionally Omitted]

(iv) The representations and warranties of Purchaser shall be true and correct in all material respects on the date hereof and on the Closing Date, with the same force and effect as though such representation and warranties have been made on and as of the Closing Date.

Subject to Section 23 of this Agreement, in the event that any of the conditions precedent have not been satisfied to Purchaser's or Seller's satisfaction or waived in writing by Purchaser or Seller, as the case may be, either Purchaser or Seller, as the case may be, may terminate this Agreement without any further liability or responsibility hereunder.

11. SELLER'S COVENANTS. From and after the date of this Agreement through the Closing Date, Seller and Seller's agents shall at Seller's expense (except as set forth in (g) below):

(a) Maintain the Assets in substantially the same condition in which they existed as of the date of this Agreement, normal wear and tear excepted, free from mechanics' liens or other claims for liens, not commit waste of or on the Assets, and operate the Assets in a manner consistent with current practices and in compliance with all applicable laws;

(b) Keep in existence all fire and extended coverage insurance policies, and all public liability insurance policies, that are in existence as of the date of this Agreement with respect to the Assets;

(c) Permit Purchaser, its engineer, architect or other agents, during normal business hours (or such other times as are reasonable), to enter onto the Seller's Plant for the purpose of making inspections thereof, including, without limitation, such inspections as Purchaser shall deem desirable in order to ascertain the truth and accuracy of any representations contained herein;

(d) Grant Purchaser reasonable access to any records, books and agreements concerning the Property within Seller's possession or control, and maintain such records, books and accounts in Seller's ordinary manner consistent with past practice;

(e) Promptly advise Purchaser in writing of any (i) material changes, additions, deletions or modifications in or to any of the materials delivered to Purchaser pursuant to this Agreement and promptly provide Purchaser with true, complete and correct copies of such changes, additions, deletions or modifications; (ii) changes in circumstances which would render the representations and warranties made by Seller herein false or misleading, and take such reasonable actions as may be necessary to make such representations and warranties true and not misleading; and (iii) material adverse change in the Assets; and

(f) Provide Purchaser with any other relevant information in Seller's possession with respect to the Assets upon Purchaser's reasonable request.

(g) Allow (at Purchaser's expense) Purchaser to meet with Seller's vendors and customers in order for Purchaser to introduce itself as the prospective purchaser but in no way as to constitute any interference with Seller's ongoing business relations with such vendors and customers.

12. PURCHASER'S COVENANTS. (a) After Closing, Purchaser shall permit Seller, Fleet Capital Corp. and the Creditor's Committee and their respective employees, attorneys, and other authorized representatives (collectively referred to only in Section 12 (a) and (c), as "Seller") or any estate representative or trustee appointed by the Bankruptcy Court in the Bankruptcy Case (the "Estate Representative") reasonable access upon reasonable notice during normal business hours to all books, records, documents, and facilities relating to the Assets, the Business or the Assigned Contracts in Purchaser's possession, and shall furnish to Seller at Seller's expense, or to the Estate

Representative at the estate's expense, all such information with respect to the Assets, the Business and Assigned Contracts in Purchaser's possession as Seller or the Estate Representative shall from time to time reasonably request for purposes of fulfilling Seller's or the Estate Representative's obligations in the Bankruptcy Case, or in prosecuting or defending any actions, tax audits, or investigations. In addition, after the Closing, Purchaser shall grant Seller and any Estate Representative access to, and shall permit Seller and any Estate Representative to make copies of, all accounts receivable records and all other books and records relating to the Excluded Assets. Without limiting the generality of the foregoing, Seller and any Estate Representative shall have such reasonable access to obtain all information, documentation or witness testimony necessary to fulfill any obligations of Seller or the Estate Representative under the Bankruptcy Code or Rules, or under any order of the Bankruptcy Court or any other court, or to investigate, prosecute, or defend any claim, cause of action, avoidance action, or any Excluded Asset. Any such entry and access shall not unreasonably interfere with Purchaser's business, employees or use of the Assets.

(b) Purchaser indemnifies and holds Seller harmless from and against any and all costs, expenses, liabilities, damages and claims of any kind or sort (including reasonable attorney fees and disbursements) arising out of or relating to the post-Closing retooling performed by, and solely at the direction or under the control of Purchaser and/or removal of the Equipment and any other Assets conducted solely by Purchaser or its agents, employees or independent contractors.

(c) After the Closing, Purchaser shall cooperate with Seller and any Estate Representative to enable Seller and any Estate Representative and their respective employees or agents to collect accounts receivable of Debtor outstanding on or prior to the Closing Date ("Seller Receivables"). In the event that the Seller or any Estate Representative requests the Purchaser to collect the Seller Receivables, without limiting the foregoing sentence, Purchaser shall: (i) provide the Seller and any Estate Representative and their respective professionals with access to all books and records, customer lists and information and financial reports relating to account debtors of Debtor; (ii) permit any employee(s) or representative(s) designated by Seller or any Estate Representative the use and occupancy of suitable office space to engage in the collection of Seller Receivables until all Seller Receivables have been collected; and (iii) if Purchaser shall receive payments from account debtors of Debtor in respect of Seller Receivables, such payments shall be held in trust by Purchaser for the benefit of Debtor and its chapter 11 estate and forthwith paid over to Debtor, accompanied by all identifying data provided by the account debtor on such Seller Receivables.

(d) In the event that Purchaser elects to hire Walter Lypowy and thereafter Seller and any Estate Representative determine that Walter Lypowy shall collect the Seller Receivables, Seller shall pay and reimburse Purchaser if and after Walter Lypowy begins his employment with Purchaser for any time during normal business hours that Walter Lypowy spends collecting the Seller Receivables at the hourly rate of \$100 based upon time sheets kept and regularly

maintained by Walter Lypowy in connection with his work in collecting the Seller Receivables.

13. COVENANTS OF THE PARTIES.

(a) **Conduct of Business Pending the Closing.** From the date hereof until the Closing Date, except as otherwise required or permitted under this Agreement, Seller shall carry on its business in the ordinary course of business consistent with past practice and Seller shall maintain all the Assets in good working condition, normal wear and tear excepted and shall maintain at all times, insurance of the kind, in the amounts and with the insurers as are presently in effect that cover the Assets. Purchaser shall notify Seller on or before the close of business on October 28, 2003 which executory contracts or unexpired leases it would like assumed and assigned to it.

(b) **Access.** From the date hereof until the Closing Date, Seller shall allow Purchaser's employees, agents and representatives during regular business hours to make such investigation of the Assets and Seller's books and records related thereto, as Purchaser reasonably deems necessary or advisable, and Seller shall instruct its employees to cooperate in any such investigation. From and after the Closing Date, so long as any books, records or other files relating to the Assets or operation of the Business, to the extent that they pertain to such operations prior to the Closing Date, remain in existence and available, each party (at its expense) shall have the right, upon reasonable notice, to inspect and to make copies of the same at any time during regular business hours for any proper purpose, including, without limitation, in connection with any third-party claim or any claim that a party hereto desires to investigate, commence or prosecute. Upon prior written notice to Seller, Purchaser shall have the right to interview the employees and review their personnel files prior to the Closing.

(c) **Public Announcements.** No party shall issue a press release or otherwise make any public statements with respect to the transactions contemplated hereby, except as may be required by law, by obligations pursuant to any listing agreement with any national securities exchange or over-the-counter market or with respect to filings to be made with the Bankruptcy Court in connection with this Agreement (in which case the party required to make such public statement shall notify the other party prior to making such public statement), without the prior consent of the others, which consent shall not be unreasonably withheld; provided, that no prior consent will be required for court filings or notice required by the Bankruptcy Court.

(d) **Commercially Reasonable Efforts.** Upon the terms and subject to the conditions herein provided, each of the parties hereto shall use its respective commercially reasonable, good faith efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties hereto in doing, all things necessary, proper or advisable under applicable laws and regulations to ensure that the conditions set forth in this Agreement are

satisfied and to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, the parties hereto shall furnish to each other such necessary information and reasonable assistance, as each may request in connection with Seller's preparation and filing of applications and motion papers, in form and substance reasonably satisfactory to Purchaser, needed to obtain Bankruptcy Court Approval of the transactions contemplated by this Agreement and shall execute any additional instruments reasonably necessary to consummate the transactions contemplated hereby, whether before or after the Closing.

(e) Notification of Certain Matters. Seller shall give prompt notice to Purchaser, and Purchaser shall give prompt notice to Seller, of (i) any written notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement, (ii) any written objection, litigation or administrative proceeding that challenges the transactions contemplated hereby or the entry of any Bankruptcy Court Order or the Final Order, and (iii) the occurrence of any known material adverse change to or material adverse effect upon the Assets.

(f) Further Assurances. On and after the Closing Date, the parties shall take all appropriate action and shall execute all documents, instruments or conveyances of any kind that may be reasonably necessary or advisable to carry out any of the provisions hereof and the Seller shall take all commercially reasonable steps to put Purchaser in actual possession and operating control of the Business at Purchaser's expense.

(g) Further Agreements. Seller authorizes and empowers Purchaser on and after the Closing Date to receive and to open all mail received by Purchaser relating to the Assets and to deal with the contents of such communications in any proper manner. Seller shall promptly deliver to Purchaser any mail or other communication received by Seller after the Closing Date pertaining to the Excluded Assets. Purchaser shall promptly deliver to Seller any mail or other communication received by it after the Closing Date pertaining to the Assets and any cash, checks or other instruments of payment in respect thereof. From and after the Closing Date, Seller shall refer all inquiries with respect to the Assets to Purchaser, and Purchaser shall refer all calls with respect to the Excluded Assets to Seller.

(h) Tax Filings. Each party shall furnish or cause to be furnished to the other, upon request, as promptly as practicable, such information and assistance relating to the Assets as is reasonably necessary for filing of all tax returns, including any claim for exemption or exclusion from the application or imposition of any taxes or making of any election related to taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any tax return.

(i) Hiring of Employees by Purchaser. Purchaser shall offer employment to no less than fifty (50) of Seller's then current lawfully employed factory and office personnel in the State of New Jersey for a period following the conclusion of the Manufacturing Transition Period of not less than sixty-one (61) days; provided, that the Purchaser shall have the right to terminate any such employment during such sixty-one (61) day period for cause.

(j) WARN Act Indemnification by Purchaser. In the event that this Agreement is terminated by Seller, under Section 23(e) hereof, due to a breach of this Agreement by Purchaser and the Closing does not occur, Purchaser shall indemnify and hold harmless Seller and Seller's officers, directors, employees, agents, representatives and shareholders (collectively, "Seller Indemnitees") from and against any and all losses, liabilities, obligations, damages, claims, actions, proceedings, demands, investigations, levies, fines, penalties and assessments, and related costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements), directly incurred or suffered by or asserted against any Seller Indemnitee as a result of or arising from any violation by Seller of the federal Worker Adjustment and Retraining Notification Act or any similar State of New Jersey or local legal requirement (collectively, "WARN Act").

14. PRORATION OF TAXES AND CERTAIN CHARGES:

(a) All personal property taxes or similar ad valorem obligations levied with respect to the Assets for any taxable period that includes the day before the Closing Date and ends after the Closing Date, whether imposed or assessed before or after the Closing Date, shall be prorated between Seller and Purchaser as of 12:01 A.M. on the Closing Date. If any taxes subject to proration are paid by Purchaser, on the one hand, or Seller, on the other hand, the proportionate amount of such taxes paid (or in the event a refund of any portion of such taxes previously paid is received, such refund) shall be paid promptly by (or to) the other after the payment of such taxes (or promptly following the receipt of any such refund).

(b) The prorations pursuant to this Section may be calculated after the Closing Date, as each item to be prorated accrues or comes due, provided that, in any event, any such proration shall be calculated not later than thirty (30) days after the party requesting proration of any item obtains the information required to calculate such proration of such item.

(c) Any right to such payment or reimbursement of taxes provided for herein by Purchaser shall be treated and allowed as an administrative expense claim against Seller under § 503(b)(1) of the Code and shall be paid by Seller within ten (10) days after written notice from Purchaser.

15. BULK SALES. Each of the parties hereto waives compliance with any applicable provisions of the Uniform Commercial Code Article 6 (Bulk Sales or Bulk Transfers) or analogous provisions of law, as adopted in the states in which the Seller's

business is conducted as such provisions may apply to the transactions contemplated by this Agreement.

16. JOINT POST-CLOSING COVENANT OF PURCHASER AND SELLER. Purchaser and Seller jointly covenant and agree that, from and after the Closing Date, Purchaser and Seller will each use commercially reasonable efforts to cooperate with each other in connection with any action, suit, proceeding, investigation or audit of the other relating to (a) the preparation of an audit of any of Seller's or Purchaser's Tax returns for all periods prior to or including the Closing Date, and (b) any audit of Purchaser and/or any audit of Seller with respect to the sales, transfer and similar taxes imposed by the laws of any state or political subdivision thereof, relating to the transactions contemplated by this Agreement. In furtherance hereof, Purchaser and Seller further covenant and agree to respond promptly to all reasonable inquiries related to such matters and to provide, to the extent reasonably possible, substantiation of transactions and to make available and furnish appropriate documents and personnel in connection therewith. All costs and expenses incurred in connection with this Section referred to herein shall be borne by the party who is subject to such action.

17. ADEQUATE ASSURANCES. Purchaser covenants and agrees to cooperate with Seller in connection with furnishing information pertaining to the satisfaction of the requirement of adequate assurances of future performance as required under § 365(f)(2)(B) of the Bankruptcy Code.

18. LABOR AND EMPLOYMENT ISSUES. Subject to Purchaser's obligations under Section 13(j) hereof, Seller shall solely be responsible for any termination of any employees of Seller. Seller shall be solely responsible for giving all notices required under applicable law to such employees as a result of this Agreement and the terms hereof. Subject to Purchaser's obligations under Section 22(a) hereof, Seller shall be solely responsible and liable for any and all claims by any employee of Seller (whether or not hired by the Purchaser) that may arise while employed by the Seller prior to the Closing Date or after the Closing Date (including, during the Manufacturing Transition Period) as a result of this Agreement and the terms hereof or otherwise, including claims as a result of employment discharge, health insurance claims, benefits claims, and any other employment related claims (collectively, "Employment Related Claims"). Purchaser shall not be responsible and liable for any Employment Related Claims for the employees of Seller that Purchaser hires in respect of the period that they were employed by the Seller. Except for the Purchaser's obligation to hire a minimum of 50 employees of Seller for a period following the conclusion of the Manufacturing Transition Period of not less than sixty-one (61) days pursuant to Section 13(i), Purchaser may, but shall not be required, to hire any or all of Seller's employees not specifically mentioned in Section 10(b) herein effective as of the conclusion of the Manufacturing Transition Period, on such terms and conditions as are acceptable to Purchaser in its sole and absolute discretion. Purchaser reserves the right to interview and hire any other of Seller's employees which it so chooses in its sole discretion.

19. COURT APPROVAL. All aspects of the proposed transactions and the approval thereof by the Bankruptcy Court (including, without limitation, all motion,

papers and other pleadings, court orders including the Final Order, notice(s) to creditors, other parties in interest and others) shall be reasonably satisfactory in form and substance to Purchaser and its counsel and must be approved by the Bankruptcy Court in the Final Order.

20. **POSSESSION.** Possession of all of the Assets shall be delivered to Purchaser at Closing free and clear of all liens and claims as set forth herein.

21. **NOTICES.** Any notice, demand, request or other communication which either party hereto may be required or may desire to give under this Agreement shall be in writing and shall be deemed to have been properly given if (a) hand delivered (effective upon delivery), (b) mailed (effective three (3) days after mailing) by United States registered or certified mail, postage prepaid, return receipt requested, (c) sent by a nationally recognized overnight delivery service (effective one (1) day after delivery to such courier) or (d) sent by facsimile (effective upon confirmation of transmission), in each case, addressed as follows:

IF TO PURCHASER:

Mr. Steven Kristel
Commercial Envelope Manufacturing Co., Inc.
900 Grand Boulevard
Deer Park, New York 11729

With a copy to:

Steven J. Cohen, Esq.
Wachtel & Masys, LLP
110 East 59th Street
27th Floor
New York, New York 10022

IF TO SELLER:

Mr. Walter Lypowy
Chief Executive Officer
Berlin & Jones Co., Inc.
2 East Union Avenue
East Rutherford, New Jersey 07073

With a copy to:

Joseph M. Vann, Esq.
Cohen Tauber Spievack & Wagner LLP
Suite 2400
420 Lexington Avenue
New York, New York 10170

or to such other or additional addresses as either party might designate by written notice to the other party.

22. **POST-CLOSING TRANSITION.**

(a) Seller and Purchaser agree that during the first one hundred eighty (180) days after the Closing Date (the "Manufacturing Transition Period"),

Purchaser in its discretion shall submit purchase orders to Seller for goods and products to be produced by Seller ("Manufacturing Transition Purchase Orders"); and the price Purchaser shall pay to Seller for such purchase orders shall be in the amount of the Seller's actual operating expenses during the Manufacturing Transition Period (including but not limited to all labor costs (office and factory), employee benefits, employee taxes, sales taxes, executory leases, rent, electricity, supplies, overhead and any and all other operating expenses incurred during the Manufacturing Transition Period) (as calculated by Seller according to Seller's current accounting policies) ("Manufacturing Transition Purchase Order Purchase Price"). Purchaser will pre-pay the Manufacturing Transition Purchase Order Purchase Price for any Manufacturing Transition Purchase Orders. Seller may decline any Manufacturing Transition Purchase Order if the Bankruptcy Court orders the Seller not to produce goods for Purchaser or Purchaser fails to pay the Manufacturing Transition Purchase Order Purchase Price in advance. Purchaser shall grant to Seller a temporary, revocable at-will license to operate the Purchaser's equipment at the Seller's Plant during the Manufacturing Transition Period solely to produce the goods that are the subject of the Manufacturing Transition Purchase Orders. As of the Closing Date the Purchaser desires that the Seller retain all of its employees and will give Seller notice during the Manufacturing Transition Period of any employees the Purchaser desires the Seller to terminate and the Seller shall so terminate said employees immediately and all severance obligations with respect thereto, if any, shall be the responsibility of the Seller; provided, that at the expiration of the Manufacturing Transition Period there shall be at least fifty (50) office or factory employees of the Seller. Seller shall operate the business during the Manufacturing Transition Period as directed by the Purchaser including the incurrence of all variable operating expenses and shall purchase supplies from vendors designated by the Purchaser or Purchaser shall purchase the supplies (e.g. paper) from its vendors and shall deliver such supplies to the Seller for use in producing the Manufacturing Transition Purchase Orders. Seller may not incur any expenses out of the ordinary course of business without the prior written consent of the Purchaser. Seller shall be solely responsible for all actual costs it incurs during the Manufacturing Transition Period to manufacture the goods and products that are the subject of such Manufacturing Transition Purchase Orders including but not limited to all labor costs (office and factory), employee benefits, employee taxes, sales taxes, executory leases, rent, electricity, supplies, overhead, and any and all other operating expenses incurred during the Manufacturing Transition Period solely conditioned upon Purchaser's payment to Seller in advance of the Manufacturing Transition Purchase Order Purchase Price, it being acknowledged by Purchaser that Seller will not be conducting any business of its own related to the Assets after the Closing other than to fill Manufacturing Transition Purchase Orders as a result of which it shall be Purchaser's obligation to pay the Manufacturing Transition Purchase Order Purchase Price. In the event Seller is unable to operate the Seller's Plant during the Manufacturing Transition Period because of lack of Bankruptcy Court approval to do so Purchaser shall, under Section 22(b) below, pay Seller the rent due on the Seller's Plant under the

existing modified lease with the landlord commencing upon the Closing Date until Purchaser gives notice in writing to Seller that it has removed (and has actually removed) all Assets from the Plant. Notwithstanding anything to the contrary contained herein, the Purchaser may in its sole and absolute discretion terminate the Manufacturing Transition Period at any time after the Closing Date by giving the Seller three (3) business days prior written notice of such termination (the "Termination Notice"). Upon receipt of the Termination Notice the Seller shall file an expedited motion with the Bankruptcy Court to reject under § 365 of the Bankruptcy Code all Preserved Contracts (as defined in the Final Order) (except for the Seller's existing modified lease with the landlord for Seller's Plant which shall continue until the expiration or termination of the Removal Transition Period) and shall terminate all employees of the Seller. Effective on the earlier of three (3) business days after the giving of the Termination Notice or the expiration date of the Manufacturing Transition Period the Purchaser shall not have any liability to reimburse Seller for any expenses of the Seller; provided, that the Purchaser shall continue to be obligated to reimburse the Seller for the following: (i) in the event that a Termination Notice is given, the amounts payable under the Preserved Contracts (other than the Seller's Plant rent) until the order is entered by the Bankruptcy Court rejecting such Preserved Contracts and (ii) the rent of the Seller under the existing modified lease with the landlord in accordance with Section 22(b) hereof.

(b) Buyer shall have up to but not exceeding 240 days from the Closing Date to remove the Assets from the Seller's Plant (the "Removal Transition Period"). The Removal Transition Period and the Manufacturing Transition Period may overlap. If after the Manufacturing Transition Period has (i) ended or (ii) been terminated for Purchaser's failure to pay in advance all Seller's Manufacturing Transition Period Expenses, but before the Removal Transition Period has ended, the Purchaser has not removed the Tangible Personal Property from the Seller's Plant, Purchaser shall pay Seller the rent due on the Seller's Plant under the existing modified lease with the Landlord (the "Removal Transition Period Rent") commencing upon the Closing Date until Purchaser gives notice in writing to Seller that it has removed (and has actually removed) all Tangible Personal Property from the Seller's Plant. The Removal Transition Period shall be subject to termination in the event that Purchaser fails to pay the Removal Transition Period Rent during the Removal Transition Period.

23. **TERMINATION OF AGREEMENT.** This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

(a) By mutual written consent of Purchaser and Seller;

(b) By any party if the Closing shall not have occurred as soon as possible but no later than November 5, 2003; provided, however, that there is no court order preventing the Closing. Notwithstanding the foregoing sentence, if the Closing shall not have occurred on or before such date due to a breach of this

Agreement by Purchaser or Seller, the breaching party may not terminate this Agreement pursuant to this § 24(b);

(c) If consummation of the transactions contemplated hereby would violate any non-appealable final order, decree or judgment of any court or governmental body having competent jurisdiction;

(d) [Intentionally Omitted].

(e) By Seller, on the one hand, or Purchaser, on the other, if the other party materially breaches any of its representations or warranties or covenants or other obligations under this Agreement, unless such breach shall be cured within two (2) business days after such other party shall have received notice of such breach in accordance with the terms hereof.

24. NO LIABILITIES IN EVENT OF TERMINATION. In the event of any termination of the Agreement pursuant to § 23 (a), (b) or (c), written notice thereof shall forthwith be given to the other party specifying the provision hereof pursuant to which such termination is made, this Agreement shall forthwith become wholly void and of no further force and effect, and there shall be no liability on the part of Purchaser or Seller except that Seller shall be obligated to deliver the Earnest Money Deposit to Purchaser in full and within five (5) business days after receipt of such notice. But if this Agreement shall be terminated pursuant to § 23(e) hereof, the non-breaching party shall be entitled to all legal and equitable remedies available under the law, including, without limitation, specific performance, full recovery of actual damages caused by such breach (which, in the case of a Purchaser breach shall include retention by the Seller of the Earnest Money Deposit, with the Earnest Money Deposit to remain with Seller's counsel, until any damages are determined by the Bankruptcy Court, but the Earnest Money Deposit shall be returned to Purchaser in the event of Seller's breach), and if Seller is the non-breaching party, indemnification for any WARN Act obligations in accordance with Section 13(j) hereof. Notwithstanding anything herein to the contrary, if either party fails to exercise any right to terminate under § 23(e) and the Closing occurs after the two (2) business days notice is issued and the cure period provided in § 23(e) expires, then neither party shall have any claim(s) against the other for damages.

25. MISCELLANEOUS.

(a) Time is of the essence of each provision of this Agreement.

(b) This Agreement and all provision hereof shall extend to, be obligatory upon and fully bind the respective successors and assigns of the parties hereto including specifically any Chapter 11 or Chapter 7 Trustee appointed at any time in the future in the Seller's bankruptcy proceeding or in any case to which such proceeding is converted. Without limitation to the foregoing, Purchaser shall have the right to assign its rights (but not its obligations and liabilities, including payment obligations) under this Agreement to, and to direct

that the Closing Documents run in favor of and/or list as grantee or assignee therein, any nominee identified by Purchaser.

(c) Except as provided herein, this Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

(e) If any of the provisions of this Agreement or the application thereof to any persons or circumstances shall, to the extent, be deemed invalid or unenforceable, the remainder of this Agreement and the application of such provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby.

(f) This Agreement and any document or instrument executed pursuant hereto may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

(g) This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that the Agreement may have been prepared primarily by counsel for one of the parties, it being recognized that both Purchaser and Seller have contributed substantially and materially to the preparation of this Agreement.

(h) A facsimile or photocopy signature on this Agreement, any amendment hereto or any notice delivered hereunder shall have the same legal effect as an original signature.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

BERLIN & JONES CO., INC.

By: Steven Kristel
Its: Vice President

**COMMERCIAL ENVELOPE
MANUFACTURING CO., INC.**

By: Walter Lypow
Its: President